

DEPARTMENT OF COMMUNITY AND
ECONOMIC DEVELOPMENT
REGULATORY COMMISSION OF ALASKA
SUNSET REVIEW

November 30, 2001

08-20013-02

November 30, 2001

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Titles 24 and 44 of the Alaska Statutes, the attached report is submitted for your review.

DEPARTMENT OF COMMUNITY AND
ECONOMIC DEVELOPMENT
REGULATORY COMMISSION OF ALASKA
SUNSET REVIEW

November 28, 2001

Audit Control Number

08-20013-02

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Alaska Statute 44.66.050(c) lists criteria to be used to assess the demonstrated public need for a given board, commission, agency, or program subject to the sunset review process. Currently, under AS 44.66.010(a)(4), the Regulatory Commission of Alaska is scheduled to terminate on June 30, 2002.

In our opinion, the termination date for this commission should be extended. The regulation of public utilities and pipelines contributes to the protection of the public's welfare. We recommend the legislature extend the termination date to June 30, 2006.

The audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology section.

Pat Davidson, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Regulatory Commission of Alaska (RCA). The purpose of this audit was to determine if there is a demonstrated public need for the continued existence of this commission and if it has been operating in an efficient and effective manner.

Legislative intent requires consideration of this report during the legislative oversight hearings to determine whether the Regulatory Commission of Alaska should be reestablished. The law currently specifies that the board will terminate on June 30, 2002.

Objectives

RCA was created to protect and promote the public interest by certifying and economically regulating qualified public utilities and pipeline carriers. It oversees the availability, affordability, and quality of utility services throughout Alaska. The primary objective of this audit was to determine whether the public need for this commission continues to exist.

A secondary objective was to review the commission's major functions, such as notice to the public, certification of utilities, tariff actions, and investigations and complaint follow-up for effectiveness in meeting the public need. A further objective was to evaluate these functions and the commission's overall operations for economy and efficiency of operation.

Our analysis of public need, findings and recommendations, and our conclusions have been summarized in the applicable sections of this report.

Scope and Methodology

Alaska Statute 44.66.050 requires the factors outlined in the Analysis of Public Need section of this report be evaluated as part of this audit in order to determine need for the commission's continued existence.

To address these areas we:

- Interviewed commissioners and staff members.
- Reviewed applicable statutes and regulations.
- Contacted the acting ombudsman, assistant attorney general, Alaska Human Rights Commission, and Equal Employment Opportunity offices.
- Analyzed consumer complaints against utilities filed with the commission.

- Reviewed decisions made by the commission.

Additionally, we interviewed employees of various regulated public utilities and other public interest groups including:

Rural Utilities Service, U.S. Dept. of Agriculture
Institute of Social and Economic Research
Alaska Rural Electric Cooperative Association
Alaska Village Electric Cooperative
Alaska Telephone Association
Matanuska Telephone Association
Alaska Public Research Group
National Regulatory Research Institute

Denali Commission
Chugach Electric
Municipal Light and Power
Utility Service of Alaska
Alaska Power & Telephone
United Utilities
TelAlaska
AT&T

Our audit reviewed the operations and activities of the commission from January 1999 through November 2001.

ORGANIZATION AND FUNCTION

The Regulatory Commission of Alaska was created July 1, 1999, upon reorganization of the Alaska Public Utilities Commission by ch. 25, SLA 1999. Under AS 42.04, 42.05 and 42.06, RCA is charged with the responsibility to ensure the furnishing of safe and adequate service to all public utility patrons, without discrimination and at reasonable rates, consistent with the interests of both the public and the utility. RCA certifies qualified providers of public utility and pipeline services. After issuance of this certificate, the commission also regulates the rates, classifications, rules, regulations, practices, services, and facilities of a public utility or pipeline, unless it is specifically exempted or has been deregulated by a vote of its customers. The commission has the authority to adopt regulations and to hold formal, quasi-judicial hearings to accomplish these purposes.

RCA regulates pipeline, telephone, electric, natural gas, water, sewer, refuse, cable TV, and steam services. All pipelines, and all other public utilities with ten or more customers, are regulated by the certification process. Most are also economically regulated.

The commission consists of five commissioners appointed by the governor and confirmed by the legislature. The commissioners must either be a member in good standing of the Alaska Bar Association or have a degree in engineering, finance, economics, accounting, business administration, or public administration from an accredited college or university. The commissioners serve six-year terms.

The staff of RCA is divided into the seven major functions of administration, finance, tariff, engineering, communication carriers, consumer protection, and public advocacy. RCA has 61 funded positions in its \$5.9 million FY 02 operating budget. A brief description of the services provided by each functions is as follows.

- Administration: The commission chair is responsible for fiscal and personnel administration, budget preparation, and records and document management. The chair is aided by a special assistant, an administrative manager, documents processing and accounting personnel, and other clerical support staff.
- Finance: This section examines, analyzes, and evaluates financial statements submitted for rate cases. It audits financial records of utilities and pipeline carriers and examines historical operating year data and pro forma adjustments. It presents these analyses at proceedings before the commission.

Regulatory Commission of Alaska Members

G. Nanette Thompson, Chair
Term Expires July 2004

Bernie Smith
Term Expires July 2003

Patricia DeMarco
Term Expires July 2002

Will Abbott
Term Expires March 2007

Jim Strandberg
Term Expires July 2006

- Tariff: This section examines, analyzes, and investigates tariff filings and presents recommendations to the commission at biweekly tariff action meetings. Administrative functions include organizing those meetings, ensuring that public notice requirements on tariff filings are met, and maintaining current master tariffs for all utilities.
- Engineering: This section is responsible for certification proceedings and the investigation of utility and pipeline carrier procedures and practices affecting service quality. It also reviews legal descriptions for service areas, plans for plant expansion, and plant-in-service and depreciation schedules. These analyses are presented in proceedings before the commission.
- Common Carrier: This section was established to develop, recommend, and administer policies and programs with respect to the regulation of rates, services, accounting, and facilities of communications common carriers within the state involving the use of wire, cables, radio, and space satellites.
- Consumer Protection: This section investigates and resolves informal consumer complaints, and is responsible for public affairs and media relations as well as responding to information requests.
- Public Advocacy: This section was legislatively established upon creation of RCA. The public advocacy section operates separately from the commission and represents the public interest. The commission assigns cases to the public advocacy section when a public interest perspective would clearly add to the full development of the record.

REPORT CONCLUSIONS

While the recommendations included in this report are intended to improve operations, in our opinion, the Regulatory Commission of Alaska operates in a reasonably effective and efficient manner and should continue to regulate public utilities and pipelines. We believe that the public interest is being served by requiring public utilities and pipelines to be certificated and economically regulated by the commission. The regulatory process stabilizes the availability of utility services. Economic regulation by the commission ensures that, despite the absence of competition, utilities provide service at reasonable rates.

We recommend that Alaska Statute 44.66.010(a)(4) be amended to extend the termination date of the Regulatory Commission of Alaska to June 30, 2006.

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FINDINGS AND RECOMMENDATIONS

In our previous sunset audit,¹ we made two recommendations. One of these suggested that RCA utilize findings from a study by the National Regulatory Research Institute. RCA has now reviewed the institute's report and responded to its findings with a variety of improvements. We thus consider RCA to have fully implemented this recommendation.

The other prior audit recommendation concerned the implementation of a management information system with a number of components. This recommendation was subsequently incorporated as a requirement within RCA's enabling legislation.²

At this time, most components of the management information system have been substantially implemented, but on a piecemeal basis. We understand that RCA expects to have a fully integrated system, including the employee time tracking component mandated by statute,³ in operation by February 2002.

Recommendation No. 1

RCA should either require smaller water and sewer utilities to be certificated or establish a meaningful exemption system by regulation.

Alaska Statute 42.05.141(a)(1) empowers RCA to *"regulate every public utility engaged . . . in a utility business inside the state, except to the extent exempted by AS 42.05.711."* RCA's responsibility *"to regulate"* includes the certification of water and sewer utilities.

Certain larger water and sewer utilities are subject to full ongoing economic regulation, such as the setting of prices. However, even the smaller utilities that are not economically regulated must obtain an RCA operating certificate, unless the agency exempts them under AS 42.05.711(d). This latter subsection permits RCA to *"exempt a utility, a class of utilities, or a utility service from all or a portion of this chapter if the commission finds that the exemption is in the public interest."*

Sixty-five piped water systems and 65 piped sewer systems do not have the required certificate to operate a utility. These systems are spread among 73 different operators, 52 (71%) of which are incorporated under Alaska law as second class cities. RCA is thus overlooking almost half of the State's 114 second class cities and not fulfilling its statutory role under AS 42.05.141.

¹ Department of Commerce and Economic Development, Alaska Public Utilities Commission, audit control no. 08-1459-99 (December 23, 1998).

² Section 26 of ch. 25, SLA 1999 directs RCA to *"develop its management information system and make the system accessible to the general public through the Internet for the purpose of tracking, scheduling, and managing all dockets within the commission."*

³ AS 42.04.070(a)(2) directs RCA's chair to *"establish and implement a time management system for the commission."*

The legislature has entrusted RCA with the legal responsibility for enforcing the certificate requirement,⁴ but RCA takes no action to detect noncompliance. RCA has responded to certificate applications and to complaints, but has not pursued utilities that lack certificates, even though it is generally aware of the scope of this problem.

RCA should more proactively protect the public by investigating the status of new water and sewer systems as they come on line. The following options are available:

- Commence enforcement actions to compel certification applications.
- Streamline the certification filing requirements for small utilities to better reflect their operating environment. The data requirements may not need to be as comprehensive for smaller utilities. This may be one of the reasons for the reluctance of these utilities to apply for certification.
- Exempt certain classes of utilities from certification under AS 42.05.711(d). The criteria could include such factors as the community size, number of customers, type of operating entity, and the system's predominant funding source.

If RCA elects to streamline the filing requirements or exempt certain classes of utilities, it should do so by regulation.⁵

Recommendation No. 2

RCA should issue regulations that clarify use of its public advocacy section.

RCA has a public advocacy section of six employees. There is little statutory guidance as to the section's use, with AS 42.04.070(c) simply stating:

The chair of the commission shall direct the public advocacy section to participate as a party in a matter when the commission believes that it is in the public interest to do so.

Out of a total of 330 formal RCA proceedings filed since FY 00, the public advocacy section has been appointed in 71 (22%). However, RCA currently has no published procedures and criteria that guide when the section should be assigned to a case and how its intervention is to be accomplished.⁶ Utility representatives expressed some concern to us about their uncertainty as to when a case would involve the section.

⁴ See AS 42.05.181 – 42.05.201, 42.05.551 – 42.05.621 (administrative orders; injunctions; civil penalties).

⁵ A regulation is required under the Administrative Procedure Act for a standard that "affects the public or is used by the agency in dealing with the public." See AS 44.62.640(a)(3).

⁶ For instance, submission of a brief, testimony, or comment, rather than full formal participation as a party, may be adequate in some cases.

RCA should enact regulations that clarify the role of its public advocacy section. We further recommend that RCA's chair establish a definite linkage between patterns of complaints detected in its consumer complaint section and the priorities for public advocacy intervention.

Recommendation No. 3

RCA's chair should ensure that the publication of notices of formal proceedings is monitored.

Under RCA's statutes and regulations, whether RCA orders public notification of a proceeding, and the specific method to be used, is left to RCA's discretion to determine on a case-by-case basis.

RCA uses a variety of methods to notify potentially-affected consumers of formal proceedings. All notices appear on the Internet. Some are also placed in newspapers in the affected areas, posted at a local post office, or included with customer billings.

We selected 90 out of a total of 330 formal proceedings filed in FY 00 to FY 01 and reviewed RCA's elective choice to place newspaper notices in 55 of those cases. We found RCA's discretion in that selection to have been uniformly reasonable in light of the particular subjects and potential consumer impacts of the 90 cases examined.

However, we did discern a need for RCA to better confirm that newspapers actually print the requested ad and print it correctly. Of the 55 ads that RCA ordered, case files for only 36 contained any verification that the ad was printed.

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ANALYSIS OF PUBLIC NEED

The following analysis of commission activities relates to the public need factors defined in the "sunset" law, Alaska Statute 44.66.050. This analysis was not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

The extent to which the board, commission, or program has operated in the public interest.

With the exception of smaller water and sewer utilities,⁷ the commission has made a conscientious effort to allow only qualified applicants to provide utility services and to regulate them in such a manner as to ensure service at a reasonable cost. Upon finding that no public interest would be served by regulation, the commission administratively exempts certain utilities through its discretionary power granted by AS 42.05.711(d).

RCA also provides an active complaint resolution function. Exhibit 1 shows that RCA fielded a total of 682 complaints that were filed with it during FY 01.

EXHIBIT 1		
TYPES OF UTILITIES INVOLVED IN CONSUMER COMPLAINTS FILED WITH RCA DURING FY 01		
	<u>Number</u>	<u>Percent</u>
Telecommunications	549	80%
Electric	76	11%
Water / Sewer	18	3%
Refuse collection	14	2%
Natural Gas	22	3%
Cable Television	<u>3</u>	<u>1%</u>
<i>Totals</i>	<u>682</u>	<u>100%</u>

The extent to which the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

To assess the impact of RCA's programs and procedures, we interviewed executives from the broad spectrum of affected entities. A dominant perception in these interviews was that, in comparison with the former Alaska Public Utilities Commission, RCA delivers substantially improved service in terms of interaction with the public, reduction of case backlog, and Internet access to information.

Another recurrent theme was the entities' uncertainty concerning the role of RCA's public advocacy section. Recommendation No. 2 addresses this concern.

A third prevalent theme in our interviews was the industry's desire for RCA to continue progress toward a paperless system. The industry is thus acknowledging that RCA has made some progress in this area, and the industry favors the concept.

⁷ These are discussed later in this section of the report.

Internet filing of all pleadings and online access to entire case files would, of course, be ideal from the users' perspective. Nevertheless, our review of RCA's extensive home page shows that considerable case information, such as notices and orders, is already available.

Interviewees also mentioned disappointment in RCA's inability to implement the management information system envisioned by the new agency's enabling statute.⁸ We understand that RCA expects to have a fully integrated system in operation by February 2002.

The extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

RCA was created at the beginning of FY 00. During this limited time, the agency has not seen a need to pursue any major changes in its statutes.

However, during FY 00 the legislature expanded RCA's jurisdiction to include the intrastate transportation of North Slope natural gas.⁹ This amendment anticipates the possibility that a major gas pipeline may be constructed in the years ahead.

The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

RCA's consumer complaint function is the most active indicator of its interaction with individual consumers. RCA generally preconditions its informal intervention on an initial attempt by the consumer to work directly with the utility in question. If RCA is unable to resolve the matter informally, the consumer has the option to pursue a formal complaint before the commission.

Such a service is obviously beneficial to consumers. However, it also alerts RCA to potential departures from its expectations for those being regulated. Such patterns may signal the need for RCA's chair to appoint the public advocacy section in particular formal proceedings (see Recommendation No. 2).

Exhibit 1 (page 11) shows that a total of 682 consumer complaints were filed with RCA during FY 01. Exhibit 2 (page 13) shows that 67-82% of these complaints, depending on the type of utility, were cleared by RCA within 15 days. Another 7-21% were cleared within a month.

⁸ Section 26 of ch. 25, SLA 1999 directs RCA to "develop its management information system and make the system accessible to the general public through the Internet for the purpose of tracking, scheduling, and managing all dockets within the commission."

⁹ See AS 42.06.230(b)(2).

RCA is thus quite responsive to consumer complaints concerning utility service. Exhibit 2 shows no major differences among utility types in the timeliness of response that RCA provides consumers, with 80-90% of each category being cleared within a month of receipt.

The extent to which the board, commission or agency has encouraged public participation in the making of its regulations and decisions.

RCA encourages public participation through a variety of methods.

To begin with, the RCA home page is an exemplary tool for communicating with the public.¹⁰ Notices of upcoming meetings and formal actions are posted there along with detailed annual reports, discussions of major utility issues, and invitations for the public to comment. Also, members of the public can place themselves on the "courtesy list" and receive direct e-mail notices concerning topics they select.¹¹

Newspaper notices are still published in a large number of cases when that traditional method will be an effective means to reach the affected public.¹² In Recommendation No. 3, we suggest that RCA improve its monitoring of the newspaper notices.

Public postings at post offices are also used in some situations.

RCA's office has a computer terminal that the public uses to research agency records such as docket pages, orders and transcripts.

RCA's public advocacy section directly represents aggregated consumer interests in matters pending before the commission. We discuss the section further in Recommendation No. 2.

The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.

EXHIBIT 2 RCA'S TIMELINESS IN CLEARING CONSUMER COMPLAINTS FILED IN FY 01	
TELECOMMUNICATIONS	
Within 15 days	72%
Within 16-30 days	9%
Over 30 days	<u>19%</u>
	<u>100%</u>
ELECTRIC	
Within 15 days	67%
Within 16-30 days	21%
Over 30 days	<u>12%</u>
	<u>100%</u>
OTHER UTILITIES	
Within 15 days	82%
Within 16-30 days	7%
Over 30 days	<u>11%</u>
	<u>100%</u>

¹⁰ Though the scope of available home page information is exemplary, it remains to be seen how frequently consumers will make use of it. RCA may wish to use home page statistical tools such as counters that register how many people visit RCA's various web site features.

¹¹ For e-mail "courtesy" notices, it would be helpful to individual consumers if they could use customized requests that limit notices to a particular utility provider or location of interest, rather than the current choice of all notices for a given utility type.

¹² Under RCA's statutes and regulations, whether RCA orders public notification of a proceeding, and the specific method to be used, is left to RCA's discretion to determine on a case-by-case basis.

The state ombudsman received only one complaint about RCA since its start in FY 00. The ombudsman found that RCA had appropriately responded to a consumer's dissatisfaction with a utility.

RCA has handled approximately 300 utility adjudications since its creation at the beginning of FY 00. Since RCA orders can be appealed to the superior court by dissatisfied parties, the prevalence of such appeals is another pertinent indicator of RCA's relationship to the public. The superior court has affirmed four RCA decisions and reversed another.¹³ Two other cases are currently pending before the superior court. In short, RCA's workload is seldom challenged in, and even less frequently reversed by, the superior court.

The extent to which the board or commission which regulates entry into an occupation or profession has presented qualified applicants to serve the public.

Prior to granting a certificate of public convenience and necessity to a public utility, the commission determines that the applicant is fit, willing, and able to provide the service. To that end, it employs utility financial analysts and utility engineers to perform the appropriate analyses to make this determination.

In recent years, Alaska communities have received substantial state and federal funding to construct water and sewer systems. Nevertheless, a comparatively small number of new certificates have been awarded to operate such utilities.¹⁴

In fact, 65 piped water systems and 65 piped sewer systems do not have the required certificate to operate a utility.¹⁵ These systems are spread among 73 different operators, 52 (71%) of which are incorporated under Alaska law as second class cities. RCA is thus overlooking almost half of the State's 114 second class cities and not fulfilling its statutory role under AS 42.05.141. Recommendation No. 1 addresses the options.

The extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

We found no evidence of RCA hiring practices or appointments that were contrary to state personnel practices. Since the establishment of RCA, no complaints have been filed with the Alaska Human Rights Commission, the federal Equal Employment Opportunity Commission, or the Office of Equal Employment Opportunity in the governor's office.

Two situations were reviewed under the Executive Branch Ethics Act. Both involved

¹³ Some of these cases include work originated by RCA's predecessor (the Alaska Public Utilities Commission). Further appeals to the Alaska Supreme Court are pending in two of the five superior court cases (including the reversal).

¹⁴ Since the prior sunset audit (December 1998), RCA has received applications to operate water or sewer systems from only eight utilities.

¹⁵ Under RCA's enabling legislation, systems with at least 10 paying customers are considered to be "utilities" for the purpose of the operating certificate requirement.

technical conflicts of interest that were eliminated to the satisfaction of the assistant attorney general who investigates such matters.

The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

Please refer to the Findings and Recommendations section.

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APPENDIX A

Regulatory Commission of Alaska
Summary of Expenditures
FY 01 – FY 02
(unaudited)

Expenditures ¹⁶	FY 01 Authorized	FY 01 Actual	FY 02 Authorized
Personal Services	\$ 3,423,700	\$ 3,402,800	\$ 3,736,500
Travel	52,200	72,400	55,000
Contractual	1,808,700	1,583,600	2,005,500
Supplies	62,500	48,600	62,500
Equipment	<u>13,800</u>	<u>150,800</u>	<u>13,800</u>
Total	<u>\$ 5,360,900</u>	<u>\$ 5,258,200</u>	<u>\$ 5,873,300</u>

Source: The information included in this summary was obtained from the State's accounting records.

¹⁶ Under AS 42.05.254, RCA assesses utilities and pipelines a regulatory cost charge designed to recoup its costs.

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December 26, 2001

Pat Davidson
Legislative Auditor
State of Alaska
Legislative Audit and Budget Committee
P. O. Box 113300
Juneau, Alaska 99811-3300

Re: Audit Control Number 08-20013-02
Response to Preliminary Audit Report / Regulatory Commission of Alaska

Dear Ms. Davidson:

The RCA appreciates the audit's conclusion that our agency operates in a reasonably effective and efficient manner and should continue its mission for an additional four years. We will implement the recommendations set out in Management Letter No. 1.

Recommendation No. 1

RCA should either require smaller water and sewer utilities to be certificated or establish a meaningful exemption system by regulation.

We recognize that there are at least 130 uncertificated water and sewer systems in this state. This issue was inherited from our predecessor agency and has been exacerbated in recent years, as grant funding became available to construct new water and sewer systems in rural Alaska. Applying for certification has not been part of the process of establishing these new systems. We are analyzing this problem to understand how to solve it, and expect to begin implementing the solution within six months.

To address this problem, we need to coordinate with other state, local and federal agencies and authorities. We have been working with them to understand the RCA's role in assuring the future sustainability of these small water and sewer utilities to properly gauge our level of regulatory oversight. We agree that

our procedures should be standardized and made appropriate for utilities of this size and nature. A staff working group within the RCA is actively working on this matter.

After the streamlined procedures are available, we plan to notify all of the uncertificated utilities of the certification requirement and provide them with compliance information. If they do not respond within a reasonable time, we will consider enforcement actions.

If our analysis concludes that some classes of utilities should be exempted, we will propose and notice regulations. Because this issue is likely to evoke considerable public interest and comment, it will probably be at least nine months from the date that regulations are originally proposed at one of our public meetings until the regulations are finally adopted.

Recommendation No. 2

RCA should issue regulations that clarify use of its public advocacy section.

In the past two years we have gained enough experience with this section's operation to propose clarifying regulations. We agree that this recommendation is timely and have prioritized it among our current regulations projects accordingly. We estimate that these regulations will be approved and in place by the end of 2002.

Recommendation No. 3

RCA's chair should ensure that the publication of notices of formal proceedings is monitored.

We thank the audit team for bringing this to our attention. We are internally discussing procedures to ensure that the required public notices are published. Monitoring publication of public notices is complicated by the requirement that the utility, not the Commission, pays for publication of the notice. Also, by regulation competitive local exchange telecommunications carriers draft their own notices and arrange for their publication. This recommendation highlights an important underlying issue of how the public can effectively be notified about changes in utility services that we will address.

One of the RCA's main goals is to increase consumer awareness through effective public notice. We have developed an improved Web page and copies of notices are e-mailed or are available electronically through our site. Recognizing the limitations in any one approach, we are exploring the use of

more Public Service Announcements, press releases, and billing inserts to better and more timely inform utility customers. For FY02, we budgeted for a new Consumer Protection and Information Officer position to facilitate more community outreach.

As part of our new MIS system, the RCA database has been redesigned to record the receipt of affidavits of publication. By the end of February 2002, we will be able to monitor publication issues through this system. As we continue refining our public notice methods, we may implement other changes as well.

We appreciate your diligence and the time spent to prepare your findings and recommendations. We are pleased that the audit confirms our hard work and the improvements in our agency's operations over the past two years.

Sincerely,

REGULATORY COMMISSION OF ALASKA

G. Nanette Thompson
Chair